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NORTHERN DISTRICT OF CALIFORNIA

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10 UNITED STATES DISTRICT COURT  
11 NORTHERN DISTRICT OF CALIFORNIA  
12 SAN FRANCISCO DIVISION

14 SECURITIES AND EXCHANGE COMMISSION

CV 11

4741

15 Plaintiff,

COMPLAINT

16 vs.

17 JASON GEORGE RIVERA, JR., MARC  
18 CHRISTOPHER HARMON, THE JOSEPH RENE  
CORPORATION, and EXECUTIVE MEMBERS  
19 MANAGEMENT GROUP,

20 Defendants.

1 Plaintiff Securities and Exchange Commission (the “Commission”) alleges:

2 **SUMMARY OF THE ACTION**

3 1. In this securities fraud case, Northern California residents Jason George Rivera, Jr.  
4 and Marc Christopher Harmon defrauded over 35 investors out of nearly \$8 million.

5 2. During 2007 and 2008, Rivera used a company he controlled – defendant The  
6 Joseph Rene Corporation (“JRC”) – to raise at least approximately \$4.5 million from  
7 approximately 22 investors. Portraying himself as a successful financier, Rivera told investors he  
8 would safely provide them with annual returns of up to 35 percent by reinvesting their money in  
9 “hard assets” such as diamonds, gold, and real estate. Instead, Rivera used investor money for  
10 \$1.5 million in improvements to his luxury home, a \$360,000 birthday party for his spouse, and  
11 other personal expenses.

12 3. By late 2008, Rivera had exhausted the JRC money and switched to using  
13 defendant Executive Members Management Group (“EMMG”) to raise money from investors to  
14 fund his lifestyle. During late 2008 through 2010, EMMG raised approximately \$3.2 million  
15 from approximately 16 additional investors. In a scheme joined by defendant Harmon, Rivera  
16 used EMMG to convince the investors that their money would be placed in trading programs that  
17 could provide them with rapid, low-risk profits of up to 6,300 percent through trading  
18 collateralized mortgage obligations or other financial instruments.

19 4. Contrary to claims made to investors, Rivera used EMMG investor money to fund  
20 \$1.1 million in additional improvements to his home, to buy several Mercedes Benz automobiles,  
21 and to cover other personal expenses. He also paid approximately \$180,000 to Harmon.

22 5. Rivera, JRC, EMMG, and Harmon violated the antifraud and registration  
23 provisions of Sections 5(a), 5(c), and 17(a) of the Securities Act of 1933 (“Securities Act”) [15  
24 U.S.C. §§ 77e(a), 77e(c), and 77q(a)] and Section 10(b) of the Securities Exchange Act of 1934  
25 (“Exchange Act”) [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. 240.10b-5].

26 6. In addition, Rivera, violated the antifraud provisions found in Sections 206(1) and  
27 206(2) of the Investment Advisers Act of 1940 (“Advisers Act”) [15 U.S.C. §§ 80b-6(1) and 80b-  
28 6(2)].

1 7. Harmon violated the broker registration provision found at Section 15(a)(1) of the  
2 Exchange Act [15 U.S.C. § 78o(a)(1)].

3 8. To address these violations and deter future misconduct, the Commission seeks an  
4 order enjoining the defendants from future violations, requiring them to disgorge their ill-gotten  
5 gains plus prejudgment interest, and imposing civil money penalties against them.

6 **JURISDICTION AND VENUE**

7 9. The Commission brings this action pursuant to Sections 20(b), 20(d), and 22(a) of  
8 the Securities Act [15 U.S.C. §§ 77t(b), 77t(d) and 77v(a)]; Sections 21(d) and 21(e) of the  
9 Exchange Act [15 U.S.C. §§ 78u(d) and 78u(e)]; and Sections 209(d), 209(e), and 214(a) of the  
10 Advisers Act [15 U.S.C. §§ 80b-9(d), 80b-9(e), and 80b-14(a)].

11 10. This Court has jurisdiction over this action pursuant to Sections 20(b), 20(d)(1),  
12 and 22 of the Securities Act [15 U.S.C. §§ 77t(b), 77t(d)(1), and 77v]; Sections 21(d), 21(e), and  
13 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e), and 78aa]; and Sections 209(d), 209(e)(1),  
14 and 214 of the Advisers Act [15 U.S.C. §§ 80b-9(d), 80b-9(e)(1), and 80b-14].

15 11. Defendants, directly or indirectly, made use of the means or instrumentalities of  
16 interstate commerce, or of the mails, or of the facilities of a national securities exchange in  
17 connection with the transactions, acts, practices, and courses of business alleged in this complaint.

18 12. Venue is proper in this District pursuant to Section 22(a) of the Securities Act [15  
19 U.S.C. § 77v(a)]; Section 27(a) of the Exchange Act [15 U.S.C. § 78aa(a)]; and Section 214(a) of  
20 the Advisers Act [15 U.S.C. § 80b-14(a)]. During the period described in this complaint, Rivera  
21 and Harmon resided within this District, and JRC and EMMG maintained their principal places of  
22 business in this District. In addition, acts, practices, and courses of business alleged in this  
23 complaint occurred within this District.

24 13. Intradistrict assignment to the San Francisco Division is proper pursuant to Civil  
25 Local Rule 3-2(c) because a substantial part of the events or omissions which give rise to these  
26 claims occurred in the counties of Alameda and Contra Costa.

27  
28

1 **DEFENDANTS**

2 14. Jason George Rivera, Jr., (“Rivera”) age 32, was last known to reside in Alamo,  
3 California, including during the time of the facts alleged in this complaint. He has previously  
4 worked as a realtor.

5 15. The Joseph Rene Corporation (“JRC”) is a Nevada corporation that Rivera  
6 founded in 2007 and has operated from an office in Walnut Creek, California, and Rivera’s  
7 Alamo residence. Since JRC’s inception, Rivera has been its sole owner and its officer and has  
8 managed and controlled all aspects of its operations.

9 16. Executive Members Management Group (“EMMG”) is a Nevada corporation that  
10 Rivera founded in 2007 and has operated out of his Alamo residence. Rivera has wholly owned  
11 EMMG since its inception, either directly or through another entity he wholly owned and  
12 controlled. Since its inception, Rivera has controlled all aspects of EMMG’s operations as its  
13 sole owner and its officer.

14 17. Marc Christopher Harmon, (“Harmon”) age 38, was last known to reside in San  
15 Leandro, California, and has previously been employed as a construction worker.

16 **FACTS**

17 **A. Rivera Used JRC to Lure Investors into a Fictitious, So-Called “Hard Asset”**  
18 **Investment Program**

19 18. During approximately 2007 through early 2008, Rivera used JRC to raise at least  
20 approximately \$4.5 million from approximately 22 investors, who resided in California, in two  
21 other states, and in Canada. Rivera and JRC accepted investments from persons without regard to  
22 their financial status or sophistication in business and financial matters.

23 19. Rivera represented himself to investors as a successful financier who would  
24 profitably manage and invest their money. He touted JRC as a route to “financial freedom” and  
25 “maximum results with minimum risk” in a brochure he distributed to investors and on JRC’s  
26 public website from about April 2007 through 2008.

1           20.       Rivera typically and repeatedly told investors that he and JRC would safely  
2 provide them with high returns by pooling investor money and investing it in “hard assets” such  
3 as real estate, oil, diamonds, and gold.

4           21.       In exchange for their money, investors typically received unsecured, one-year  
5 promissory notes, drafted and signed by Rivera on behalf of JRC. The promissory notes  
6 contained JRC’s logo and stated that JRC would pay back the investor’s principal plus interest at  
7 rates that varied by investor and ranged from 12 percent up to 35 percent annually. The prospect  
8 of such returns was designed to entice and did entice investors to place their money with Rivera  
9 and JRC.

10          22.       Rivera claimed to investors that JRC would earn profits measured as the total sums  
11 JRC received through earnings on investments, less the amounts JRC owed on the promissory  
12 notes.

13          23.       During 2007 and 2008, JRC maintained a bank account that Rivera controlled. As  
14 Rivera raised funds from investors, he received and commingled most of the funds in this  
15 account. Most, if not all, of the funds deposited into the account came from investors who had  
16 entrusted their money to Rivera and JRC to manage.

17          24.       Contrary to Rivera’s representations to investors, Rivera used the JRC bank  
18 account and investor money to fund a lavish lifestyle for himself during 2007 and 2008.

19          25.       Specifically, Rivera used the JRC account to pay for a surprise 30<sup>th</sup> birthday party  
20 for his spouse, spending approximately \$360,000 from investor funds. Rivera also used investor  
21 funds to pay for luxury vehicles, jewelry, restaurant meals, basketball season tickets, and other  
22 personal expenses.

23          26.       Also using money obtained from investors commingled in the JRC account, Rivera  
24 funded approximately \$1.5 million in improvements to his personal residence—an 8,000 square  
25 foot house in affluent Alamo, California. Rivera did not disclose to investors that he intended to  
26 use their money to improve his personal residence for his own benefit.

27          27.       In addition, Rivera diverted investor funds from the JRC bank account to bank  
28 accounts of other entities he controlled, and he spent the diverted funds to support either himself

1 or the other entities. For example, from late April 2007 through mid-August 2007, Rivera  
2 transferred approximately \$360,000 from the JRC bank account to a bank account in the name of  
3 Rivera Real Estate Investments, LLC (“RREI”). Rivera used this transferred money, along with  
4 other investor money he diverted to the RREI account, to cover personal expenses including  
5 credit card bills, retail purchases, restaurant meals, property taxes, and mortgage payments.

6 28. At Rivera’s direction, JRC investor money was also used for unprofitable stock  
7 trading. Rivera represented to certain investors that JRC was able to invest their money in stocks,  
8 and also represented to certain investors that JRC had chosen not to invest in stocks. In fact,  
9 Rivera transferred approximately \$1.6 million from the JRC bank account to a brokerage account  
10 he established and controlled. Rivera paid another individual, who was purportedly a successful  
11 stock trader, to use the money to make trades in the brokerage account. As Rivera knew from  
12 monitoring the brokerage account, the individual traded speculatively in a single stock, ultimately  
13 losing approximately \$200,000 from May 2007 through January 2008. Rivera spent the balance  
14 of the funds not lost through trading in the account in the ways described above. Rivera did not  
15 disclose the steep trading losses to investors.

16 29. By June 2008, the value of the brokerage account Rivera established had declined  
17 to approximately \$300. Also, the JRC bank account in which Rivera had commingled investor  
18 funds, which was frequently overdrawn during 2008, had approximately a zero balance. Other  
19 bank accounts that Rivera had used to receive and spend investor money similarly had zero  
20 balances. Rivera had also stopped making payments on loans, totaling approximately \$3 million,  
21 that he had obtained to buy the Alamo house.

22 30. Unable to make payments to JRC investors required by the promissory notes,  
23 Rivera then tried to placate the investors with falsehoods.

24 31. For example, Rivera claimed in a June 2008 email to JRC investors that glitches in  
25 the banking system had delayed their payouts, but falsely assured them “your money is still  
26 making money.” Rivera maintained in an August 2008 email to JRC investors that despite the  
27 worldwide financial downturn, JRC was “thriving,” it had “lost NO money,” and all investor  
28 funds were “safe.” In December 2008, Rivera emailed investors that JRC “remain[ed] extremely

1 strong” and had a net worth of \$2.4 billion. In a March 2009 email to investors, Rivera claimed  
2 that their money was safe because JRC had converted it to assets such as gold bars, CD’s, bank  
3 guarantees, stand-by letters of credit, and real estate.

4 32. As Rivera knew, these emails were false and misleading because he had spent the  
5 investors’ money and JRC held no remaining assets, or approximately no remaining assets.

6 **B. Rivera and Harmon Defrauded EMMG Investors by Offering Spectacular Returns**  
7 **from So-Called CMO Trading and other Fictitious Trading Programs**

8 33. In or around October 2008, Rivera began a second fraudulent scheme, in which  
9 EMMG began raising money from investors at Rivera’s direction. From in or around October  
10 2008 through in or around December 2010, EMMG obtained approximately \$3.2 million from  
11 approximately 16 investors in California and at least four other states. EMMG accepted  
12 investments from persons without regard to their financial status or sophistication in business and  
13 financial matters.

14 34. EMMG operated from Rivera’s Alamo home, and all of its operations were  
15 conducted by either Rivera or Harmon. As EMMG’s sole owner, Rivera possessed and exercised  
16 sole authority to manage and control all of EMMG’s operations.

17 35. As set forth below, EMMG investors were led to believe that EMMG would safely  
18 provide them with spectacular returns in just weeks or days. In reality, EMMG was a sham, and  
19 investors did not receive returns on their investments because Rivera misappropriated their  
20 money.

21 36. Rivera recruited Harmon, whom he met through a mutual contact in the housing  
22 industry, to solicit EMMG investors. Prior to working with Rivera and EMMG, Harmon was an  
23 unemployed construction worker who had no training or experience in selling or managing  
24 investment programs.

25 37. During approximately October 2008 through May 2009, Harmon solicited a dozen  
26 or more persons who invested a total of approximately \$2.7 million with EMMG. Rivera  
27 compensated Harmon for these efforts by paying him approximately \$180,000 from the funds  
28

1 obtained from investors. As he accepted this compensation, Harmon knew or was reckless in not  
2 knowing that EMMG was not generating profits for investors.

3 38. Harmon represented to investors that EMMG would pool their money, invest it in  
4 a trading program, and share the trading profits between EMMG and the investors.

5 39. Specifically, Harmon claimed to investors that “licensed traders” and “trading  
6 platforms” used by EMMG could generate trading profits from 25 percent up to 9,000 percent in  
7 just a few weeks and days, and that investors would share in such profits. He represented to  
8 investors that the profits would come from collateralized mortgage obligation (“CMO”) trading,  
9 from trading “bank instruments,” from loaning money to large banks for short periods, or from  
10 other financial transactions. He also represented to investors that their money would not be at  
11 risk because the traders and platforms would merely “leverage off” the investor funds, which  
12 would be “blocked” and thus never leave EMMG’s bank account or a trust account.

13 40. Harmon had no factual basis for his claims that EMMG used traders and platforms  
14 that could generate trading profits up to 9,000 percent or any of his other representations to  
15 investors set forth above, as the representations he made were not true. Harmon knew or was  
16 reckless in not knowing these representations were false and misleading.

17 41. Harmon also boasted to investors that extremely wealthy individuals had invested  
18 millions of dollars with EMMG, that he was managing many millions of dollars, and that he and  
19 Rivera had millions of their own money invested in EMMG. In fact, EMMG had not raised funds  
20 from these sources in these amounts, and Harmon himself was dependent on Rivera for living  
21 expenses and had not invested in EMMG. Harmon therefore knew or was reckless in not  
22 knowing that these representations also were false and misleading.

23 42. Once persuaded by Harmon, investors entered into joint venture agreements with  
24 EMMG. The agreements bore EMMG’s logo, identified the type of program that supposedly  
25 would generate trading profits, and stated how EMMG and the investor would share those profits.  
26 For example, some agreements stated that investor money would be placed in a “program”  
27 involving a “buy/sell transaction of various bank instruments”; that the program had “shown  
28 historical returns” of up to 9,000 percent in approximately “3 to 6 days”; and that investors would



1 receive 70 percent of the returns from the program while EMMG would receive 30 percent.

2 Other agreements indicated that investor money would be used to purchase a “AAA’ rated”  
3 CMO, which EMMG would then sell “to a Pre-Arranged exit buyer,” with EMMG and investors  
4 splitting evenly “the total net profit of the program.” Harmon signed the joint venture agreements  
5 on behalf of EMMG.

6 43. As Harmon knew or was reckless in not knowing, the joint venture agreements  
7 were false and misleading because EMMG did not place investor money in the programs the  
8 agreements identified and there was no basis for the prospects of profits the agreements offered.

9 44. Rivera personally solicited and obtained money from at least one EMMG investor,  
10 a Colorado resident who invested a total of approximately \$500,000 with EMMG. During  
11 approximately May 2009 through 2010, Rivera repeatedly obtained money from this investor  
12 based upon Rivera’s representations to the investor and the investor’s representative that the  
13 money would be used to pursue so-called CMO trading profits for the investor. In fact, Rivera  
14 did not pursue such profits nor invest the money in any CMO trading program. Instead, Rivera  
15 used the investor’s money for Rivera’s personal expenses and to make payments to disgruntled  
16 JRC investors.

17 45. Rivera also promoted EMMG as an investment opportunity in other ways. From  
18 in or around October 2008 through in or around May 2009, Rivera supplied descriptions of  
19 fictitious trading programs that Harmon passed on to investors. Rivera also joined Harmon in  
20 phone calls with prospective investors in or about 2009. In about late 2008, Rivera provided one  
21 prospective investor with a “reference,” falsely posing as a satisfied EMMG investor without  
22 revealing that he actually controlled EMMG. Together with Harmon, Rivera prepared the form  
23 of the joint venture agreement that investors entered with EMMG.

24 46. Rivera knew or was reckless in not knowing that his solicitations of investor funds,  
25 his representations to investors directly and indirectly, and his conduct in preparing false and  
26 misleading documents for distribution to investors, were false, deceptive, and misleading,  
27 because, among other reasons, Rivera was misappropriating investor money rather than investing  
28 in the trading programs touted to investors.

1 47. Rivera also conducted the limited investments made by EMMG. In or about April  
2 2009, Rivera used approximately \$350,000 of EMMG investor money for a venture that  
3 purportedly would “lease” then “monetize” CMOs. The venture delivered no profits. In or  
4 around May 2009, Rivera pooled approximately \$400,000 in money obtained from several  
5 investors and used it to purchase one CMO. Rather than trade the CMO for a profit as investors  
6 had been told EMMG would do, Rivera misappropriated the interest generated by the CMO for  
7 his personal expenses.

8 48. Harmon and Rivera instructed investors to wire transfer or otherwise deposit their  
9 money into an EMMG bank account. Rivera controlled the account and accepted and  
10 commingled the investor funds as they were obtained. In accepting investor funds from  
11 approximately late 2008 through 2010, however, Rivera did not reveal that he was using the  
12 account and investor funds for lavish personal spending.

13 49. Specifically, from about November 2008 through about October 2009, Rivera  
14 spent approximately \$1.1 million of the EMMG investor money on additional improvements to  
15 his Alamo house, which was in foreclosure.

16 50. Also, during approximately late 2008 through 2010, Rivera spent EMMG investor  
17 money to buy several Mercedes Benz vehicles; on dining, nightclubs, travel to Las Vegas, and  
18 shopping at Nordstrom; and on other personal expenses.

19 51. In addition, during approximately May 2009 through April 2010, Rivera used  
20 EMMG investor money to make approximately \$300,000 in payments to defrauded JRC  
21 investors.

22 52. After obtaining funds from investors, Harmon and Rivera tried to placate certain  
23 investors with further false statements.

24 53. Specifically, during about late 2008 through 2009, Harmon repeatedly represented  
25 to investors that their funds were currently being traded in the programs he touted, or were on the  
26 verge of being traded. For example, in a January 2009 email to an investor, Harmon indicated  
27 that after “delays” caused by a “trade partner,” the investor’s money would start trading in exactly  
28 nine days. In a June 2009 email to multiple investors, Harmon wrote, “You are now IN a

1 transaction program. . . . The Trader . . . has put us into a Blocked fund 30 day transaction  
2 program . . . . The historical return is 200% per week and compounded . . . .” In reality, EMMG  
3 was not placing investor money in trading programs or generating any profits for investors, nor  
4 was EMMG on the verge of doing so. Harmon therefore knew or was reckless in not knowing  
5 that his representations were false and misleading.

6 54. In around March and April 2009, Harmon provided certain investors with  
7 documents purporting to show that Harmon could potentially access bonds—including one worth  
8 \$300 billion—to make the investors whole if their EMMG investments failed. Harmon knew or  
9 was reckless in not knowing that these documents were unfounded and he had no ability to make  
10 the investors whole.

11 55. In or about June 2009 through August 2009, Harmon claimed to several investors  
12 that he had travelled to the United Kingdom in an effort to place their money in a trading  
13 program. Harmon never made such a trip and used this claim to deceive investors. Harmon knew  
14 this additional claim was false and misleading.

15 56. Rivera prepared false account statements and bank records to convince investors  
16 that their money was safe and growing through CMO trading or other means, in or about late  
17 2008 through mid-2009. Rivera provided these documents to Harmon for delivery to certain  
18 investors, and Harmon delivered the documents to those investors.

19 57. In or about August 2009 through August 2010, several investors who had not  
20 received their expected profits contacted Rivera expressing concern. Rivera responded to certain  
21 of these investors by falsely claiming that he knew nothing about the investor’s investment. He  
22 responded to others by offering a refund that EMMG has not provided. Rivera knew or was  
23 reckless in not knowing that each of these statements was false and misleading because, among  
24 other reasons, Rivera had spent the investors’ money and EMMG could not pay any refunds.

25 **C. Rivera Defrauded his Investment Adviser Clients**

26 58. By the means set forth above, Rivera held himself out as in the business of  
27 managing and investing the assets of others while he was operating JRC. This business included  
28 deciding whether to invest JRC investor money in securities, and Rivera selected an individual to

1 actively trade securities (common stock) using about \$1.6 million in JRC investor money from  
2 approximately May 2007 through January 2008.

3 59. As set forth above, Rivera owned and controlled EMMG, which he and Harmon  
4 held out as a money manager that would, among other things, invest funds in securities trading,  
5 principally CMOs. Also, Rivera took roughly \$500,000 from one investor during 2009 and 2010  
6 while representing that he was seeking profits for the investor from CMO trading. In addition, as  
7 set forth above, Rivera purchased one CMO with EMMG investor money and invested other  
8 EMMG investor money in a purported program that supposedly leased and monetized CMOs.

9 60. By pooling investor funds, JRC and EMMG acted as investment pools. By the  
10 means set forth above, Rivera misappropriated millions of dollars from each of these pools.

11 61. Through the conduct set forth above, during approximately 2007 through 2010,  
12 Rivera engaged in the business of advising others for compensation as to the advisability of  
13 investing in, purchasing, or selling securities, and therefore acted as an investment adviser and  
14 fiduciary to the JRC and EMMG investment pools during the same time period. Rivera breached  
15 his fiduciary duty by misappropriating millions from each of the pools.

16 **D. JRC and EMMG Securities Were Sold Without Required Registration**

17 62. By the means set forth above, JRC and Rivera offered and sold approximately \$4.5  
18 million in securities in the form of promissory notes to approximately 22 investors in California,  
19 in two other states, and in Canada, without regard to the investors' financial status or  
20 sophistication in business and financial matters.

21 63. Contrary to the requirements of the securities laws, no registration statement was  
22 on file with the Commission or in effect for the offers or sales of the JRC securities, and no  
23 exemption from registration applied to the offers or sales.

24 64. By the means set forth above, EMMG, Rivera, and Harmon offered and sold  
25 approximately \$3.2 million in securities in the form of written joint venture agreements or other  
26 written and oral agreements to approximately 16 investors in California and in four other states,  
27 without regard to the investors' financial status or sophistication in business and financial matters.

28

1 65. Contrary to the requirements of the securities laws, no registration statement was  
2 on file with the Commission or in effect for the offers or sales of the EMMG securities, and no  
3 exemption from registration applied to the offers or sales.

4 **E. Harmon Violated Broker Registration Requirements**

5 66. By the means set forth above, Harmon solicited investors and obtained money for  
6 the purchase of EMMG securities from persons in California and in other states. In selling  
7 EMMG securities, Harmon actively solicited numerous investors, and obtained millions of dollars  
8 from persons for the purchase of EMMG securities; Harmon also received compensation for his  
9 sales of the securities.

10 67. Despite his receipt of compensation for selling securities for his regular business  
11 of selling EMMG securities, Harmon was not registered with the Commission as a broker or  
12 associated with a registered broker when he sold the EMMG securities.

13 **FIRST CLAIM FOR RELIEF**

14 **Violations of Section 17(a) of the Securities Act**  
15 **by All Defendants**

16 68. The Commission hereby incorporates paragraphs 1 through 67 by reference.

17 69. Defendants have, by engaging in the conduct set forth above, directly or indirectly, in  
18 the offer or sale of securities, by the use of means or instruments of transportation or communication  
19 in interstate commerce, or of the mails:

20 (1) with scienter, employed devices, schemes, or artifices to defraud;

21 (2) obtained money or property by means of untrue statements of material fact or by  
22 omitting to state material facts necessary in order to make statements made, in the  
23 light of the circumstances under which they were made, not misleading; and

24 (3) engaged in transactions, practices, or courses of business which operated or  
25 would operate as a fraud or deceit upon the purchasers of such securities.

26 70. By reason of the foregoing, Defendants have each directly or indirectly violated  
27 Section 17(a) of the Securities Act [15 U.S.C. § 77q(a)] and unless enjoined will continue to violate  
28 this provision.

**SECOND CLAIM FOR RELIEF**

**Violations of Section 10(b) of the Exchange Act and  
Rule 10b-5 Thereunder by All Defendants**

71. The Commission hereby incorporates Paragraphs 1 through 67 by reference.

72. Defendants, by engaging in the conduct set forth above, directly or indirectly, by use of means or instrumentalities of interstate commerce, or of the mails, or of a facility of a national securities exchange, in connection with the purchase or sale of securities, with scienter:

(a) employed devices, schemes, or artifices to defraud;

(b) made untrue statements of material fact or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; and

(c) engaged in acts, practices, or courses of business which operated or would operate as a fraud or deceit upon other persons.

73. By reason of the foregoing, Defendants have each directly or indirectly violated Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5] and unless enjoined will continue to violate these provisions.

74. Rivera, by the acts and practices set forth above, including, among other things, through his sole ownership, his management, and his exercise of control over EMMG and/or its conduct giving rise to EMMG's liability, directly or indirectly, controlled EMMG, pursuant to Section 20(a) of the Exchange Act [15 U.S.C. § 78t(a)].

75. As a control person, Rivera is jointly and severally liable with EMMG for EMMG's violations of Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

**THIRD CLAIM FOR RELIEF**

**Violations of Sections 206(1) and (2) of the Advisers Act by Rivera**

76. The Commission hereby incorporates Paragraphs 1 through 67 by reference.

1           77.     Rivera acted as an investment adviser by, among other things, advising persons of the  
2 value and advisability of investing in and purchasing securities, including by the means set forth  
3 above.

4           78.     Rivera, by engaging in the acts and conduct alleged above, directly or indirectly,  
5 through use of the means or instruments of transportation or communication in interstate commerce  
6 or of the mails, and while engaged in the business of advising others for compensation as to the  
7 advisability of investing in, purchasing, or selling securities:

8                   (1) with scienter, employed devices, schemes, and artifices to defraud clients or  
9                   prospective clients; and

10                   (2) engaged in acts, practices, or courses of business which operated or would operate  
11 as a fraud or deceit upon clients or prospective clients.

12           79.     By reason of the foregoing, Rivera has violated Sections 206(1) and (2) of the  
13 Advisers Act [15 U.S.C. §§ 80b-6(1) and (2)] and unless enjoined will continue to violate these  
14 provisions.

#### 15                                   **FOURTH CLAIM FOR RELIEF**

##### 16                   **Violations of Sections 5(a) and 5(c) of the Securities Act by all Defendants**

17           80.     The Commission hereby incorporates Paragraphs 1 through 67 by reference.

18           81.     Defendants have, by engaging in the conduct set forth above, directly or indirectly,  
19 through use of the means or instruments of transportation or communication in interstate  
20 commerce or of the mails, offered to sell or sold securities or carried or caused such securities to  
21 be carried through the mails or in interstate commerce, for the purpose of sale or delivery after  
22 sale.

23           82.     No registration statement was filed with the Commission or was in effect with  
24 respect to the securities offered by Defendants prior to the offer or sale of these securities.

25           83.     By reason of the foregoing, Defendants have directly or indirectly violated  
26 Sections 5(a) and 5(c) of the Securities Act [15 U.S.C. §§ 77e(a) and 77e(c)], and unless enjoined  
27 will continue to violate these provisions.

28

1 **FIFTH CLAIM FOR RELIEF**

2 **Violations of Section 15(a)(1) of the Exchange Act by Harmon**

3 84. The Commission hereby incorporates Paragraphs 1 through 67 by reference.

4 85. Harmon has, by engaging in the conduct set forth above, while acting as a broker  
5 or dealer, made use of the mails or any means or instrumentality of interstate commerce to effect  
6 transactions in and induce and attempt to induce the purchase or sale of securities when he was  
7 not registered with the Commission as a broker or dealer or associated with an entity registered  
8 with the Commission as a broker or dealer.

9 86. By reason of the foregoing, Harmon has directly or indirectly violated Section  
10 15(a)(1) of the Exchange Act [15 U.S.C. § 78o(a)(1)], and unless enjoined will continue to violate  
11 this provision.

12 **RELIEF REQUESTED**

13 WHEREFORE, the Commission respectfully requests that the Court:

14 I.

15 Permanently enjoin all Defendants from directly or indirectly violating Sections 5(a), 5(c),  
16 and 17(a) of the Securities Act [15 U.S.C. §§ 77e(a), 77e(c), and 77q(a)], Section 10(b) of the  
17 Exchange Act [15 U.S.C. § 78j(b)], and Rule 10b-5 thereunder [17 C.F.R. § 240.10b-5].

18 II.

19 Permanently enjoin Rivera from directly or indirectly violating Sections 206(1) and (2) of  
20 the Advisers Act [15 U.S.C. §§ 80b-6(1) and (2)].

21 III.

22 Permanently enjoin Harmon from directly or indirectly violating Section 15(a)(1) of the  
23 Exchange Act [15 U.S.C. §§ 78o(a)(1)].

24 IV.

25 Order Defendants to disgorge their ill-gotten gains according to proof, including  
26 prejudgment interest thereon.

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V.

Order Defendants to pay civil penalties pursuant to Section 20(d) of the Securities Act [15 U.S.C. § 77t(d)], Section 21(d)(3) of the Exchange Act [15 U.S.C. § 78u(d)(3)], and, with respect to Defendant Rivera, Section 209(e) of the Advisers Act [15 U.S.C. § 80b-9(e)].

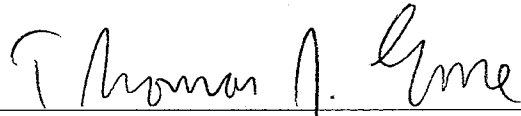
VI.

Retain jurisdiction of this action in accordance with the principles of equity and the Federal Rules of Civil Procedure in order to implement and carry out the terms of all orders and decrees that may be entered, or to entertain any suitable application or motion for additional relief within the jurisdiction of this Court.

VII.

Grant such other and further relief as this Court may determine to be just, equitable, and necessary.

Respectfully submitted,

  
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Thomas J. Eme

Dated: September 23, 2011

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